



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL P. FLANAGAN
STATE SUPERINTENDENT

July 24, 2014

MEMORANDUM

TO: Local and Intermediate School District Superintendents and Public School Academy Directors

FROM: Kyle L. Guerrant, Deputy Superintendent, Administrative & Support Services
Venessa A. Keesler, Ph.D., Deputy Superintendent, Education Services
Joseph A. Martineau, Ph.D., Deputy Superintendent, Accountability Services

SUBJECT: Guidance on 2014-15 Best Practice Incentive, Section 22f

On June 24, 2014 the Governor enacted legislation under Section 22f of the State School Aid Act, 2014 PA 196, that appropriates \$75,000,000 to provide \$50 per pupil allocations for the FY 2014-15 school year to local school districts and public school academies that meet seven of nine of the following best practices.

- A. Hold policy on medical benefit plans (if directly employed by district or not excluded by a voluntary employee beneficiary association).
- B. Obtain competitive bids for the provision of 2014-15 non-instructional services.
- C. Accept applications for enrollment of non-resident pupils under Section 105 or 105c.
- D. Offer online courses or blended learning opportunities to all eligible pupils and publish course syllabi.
- E. Provide to parents and community members a dashboard/report card with required financial information on website.
- F. Teacher and administrator job performance is significant factor in compensation determination.
- G. Collective bargaining agreements do not include provisions contrary to prohibited subjects by statute.
- H. Implement a comprehensive guidance and counseling program.
- I. Offer K-8 students 1 credit worth of non-English language learning experiences.

To simplify the process, the Department has developed the attached guidance on Best Practices as defined in MCL 388.1622f. Each district wishing to apply for the funds under this section must submit to the Department a local board of education resolution that certifies the district's compliance with the required best practices. The funds will be distributed pursuant to the payment schedule in Section 17b of the State School Aid Act as the Department determines the district has met the best practice requirements.

If you have questions related to the guidance, contact Glenda Rader at raderg@michigan.gov.

Attachments

cc: Michigan Education Alliance

STATE BOARD OF EDUCATION

JOHN C. AUSTIN – PRESIDENT • CASANDRA E. ULBRICH – VICE PRESIDENT
DANIEL VARNER – SECRETARY • RICHARD ZEILE – TREASURER
MICHELLE FECTEAU – NASBE DELEGATE • LUPE RAMOS-MONTIGNY
KATHLEEN N. STRAUS • EILEEN LAPPIN WEISER

608 WEST ALLEGAN STREET • P.O. BOX 30008 • LANSING, MICHIGAN 48909
www.michigan.gov/mde • (517) 373-3324

Michigan Department of Education (MDE)
Guidance on Best Practices as Defined in MCL 388.1622f
July 24, 2014

Statutory Requirements:

388.1622f Best Practices Incentive Grants

Sec. 22f. (1) From the appropriation in section 11, there is allocated for 2014-2015 an amount not to exceed \$75,000,000.00 to provide incentive payments to districts that meet best practices under this section. Payments received under this section may be used for any purpose for which payments under sections 22a and 22b may be used.

(2) The amount of the incentive payment under this section is an amount equal to \$50.00 per pupil. A district shall receive an incentive payment under this section if the district satisfies at least 7 of the following requirements not later than June 1, 2015:

(a) If a district provides medical, pharmacy, dental, vision, disability, long-term care, or any other type of benefit that would constitute a health care services benefit, to employees and their dependents, the district is the policyholder for each of its insurance policies that covers 1 or more of these benefits. A district that does not directly employ its staff or a district with a voluntary employee beneficiary association that pays no more than the maximum per employee contribution amount and that contributes no more than the maximum employer contribution percentage of total annual costs for the medical benefit plans as described in sections 3 and 4 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied this requirement.

(b) The district has obtained competitive bids on the provision of pupil transportation, food service, custodial, or 1 or more other non-instructional services for 2014-2015. In comparing competitive bids to the current costs of providing 1 or more of these services, a district shall exclude the unfunded accrued liability costs for retirement and other benefits from the district's current costs.

(c) The district accepts applications for enrollment by nonresident applicants under section 105 or 105c. A public school academy is considered to have met this requirement.

(d) The district offers online courses or blended learning opportunities to all eligible pupils. In order to satisfy this requirement, a district must make all eligible pupils and their parents or guardians aware of these opportunities and must publish an online course syllabus as described in section 21f for each online course that the district offers. For the purposes of this subdivision:

(i) "Blended learning" means a hybrid instructional delivery model where pupils are provided content, instruction, and assessment in part at a supervised educational facility away from home where the pupil and a teacher with a valid Michigan teaching certificate are in the same physical location and in part through internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.

(ii) "Online course" means a course of study that is capable of generating a credit or a grade, that is provided in an interactive internet-connected learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a teacher with a valid Michigan teaching certificate is responsible for determining appropriate instructional methods for each pupil, diagnosing learning needs, assessing

pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.

(e) The district provides to parents and community members a dashboard or report card demonstrating the district's efforts to manage its finances responsibly. The dashboard or report card shall include revenue and expenditure projections for the district for fiscal year 2014-2015 and fiscal year 2015-2016, a listing of all debt service obligations, detailed by project, including anticipated fiscal year 2014-2015 payment for each project, a listing of total outstanding debt, and at least all of the following for the 3 most recent school years for which the data are available:

(i) Graduation and dropout rates.

(ii) Average class size in grades kindergarten to 3.

(iii) College readiness as measured by Michigan merit examination test scores.

(iv) Elementary and middle school MEAP scores.

(v) Teacher, principal and superintendent salary information including at least minimum, average, and maximum pay levels.

(vi) General fund balance.

(vii) The total number of days of instruction provided.

(f) The district complies with a method of compensation for teachers and school administrators that include job performance and accomplishments as a significant factor in determining compensation, as required under section 1250 of the revised school code, MCL 380.1250.

(g) The district's collective bargaining agreements, including, but not limited to, appendices, addenda, letters of agreement, or any other documents reflecting agreements with collective bargaining representatives, do not contain any provisions pertaining to, relating to, or that are otherwise contrary to the prohibited subjects of bargaining enumerated in section 15(3) of 1947 PA 336, MCL 423.215.

(h) The district implements a comprehensive guidance and counseling program.

(i) The district offers pupils in grades K to 8 the opportunity to complete coursework or other learning experiences that are substantially equivalent to 1 credit in a language other than English.

(3) If the department determines that a district has intentionally submitted false information in order to qualify for an incentive payment under this section, the district forfeits an amount equal to the amount it received under this section from its total state school aid for 2015-2016.

(4) If the department determines that funds allocated under this section will remain unexpended after the initial allocation of \$50.00 per pupil to eligible districts under subsection (2), the remaining unexpended amount is allocated on an equal per pupil basis to districts that meet the requirements of subsection (2) and that have a foundation allowance, as calculated under section 20, in an amount that is less than the basic foundation allowance under that section.

MDE Guidance

Overview

This guidance is intended to provide a district (LEA or PSA) with the process it must follow and the requirements it must meet in order to be eligible to receive funds under Section 22f of the State School Aid Act.

To be eligible to receive the 22f funds a district is required to provide evidence that it met at least seven of the nine best practice requirements listed in 2014 PA 196. Each district wishing to apply for funds under this section will submit to the department a copy of the board resolution detailing the district's compliance with the required best practices. Attached is a copy of an acceptable sample board resolution (Attachment A).

To meet Requirement A – The school board must certify that it is the policy holder on all of the health care benefit policies it covers on behalf of employees. An example of evidence for this would be each district insurance policy or employer participation agreement showing that it is the designated policy holder. A district that does not directly employ its staff, or a district with a voluntary employee beneficiary association that pays no more than the maximum per employee contribution amount and that contributes no more than the maximum employer contribution percentage of total annual costs for the medical benefit plans as described in sections 3 and 4 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied this requirement.

To meet Requirement B – The school board must certify that it has obtained a competitive bid on the provision of pupil transportation, food service, custodial, or one or more other non-instructional services. MDE will consider a district to have met this requirement if it has either a single or multi-year proposal or contract for the provision of any fiscal year 2014-15 non-instructional function (Pupil Support, Instructional Staff Support, General Adm., Business Services, Operations and Maintenance, Transportation, Staff/Personnel Services, Non-Instructional Technology, or Food Services.) To qualify as a "provision of service," the bid should be for purchased services as defined in the *Michigan Public School Accounting Manual* under object codes 31xx - 49xx. When bids are compared to the current costs of whichever service is being bid on, unfunded accrued liability costs for retirement and other benefits should be excluded from the district's current costs. Indicate on the signed resolution which services were bid to meet the requirement.

To meet Requirement C – The school board must certify that it accepts applications for enrollment by nonresident applicants under Section 105 or 105c. A public school academy is considered to have met this requirement.

To meet Requirement D - The school board must certify that it has a policy and procedure in place to offer online courses or blended learning opportunities to all eligible pupils. Please reference the guidance found in the [Pupil Accounting Manual](#) Sections 5-O-A, 5-O-B, 5-O-C, and 5-O-D in order to determine district compliance with this requirement. The district policy and procedure should include the mechanism to make all eligible pupils and their parents or guardians aware of these opportunities. Districts must publish an online course syllabus as described in section 21F for each online course that the district offers. For purposes of this subdivision:

- i) "Blended Learning" means a hybrid instructional delivery model where pupils are provided content, instruction, and assessment in part at a supervised educational facility away from home where the pupil and a teacher with a valid Michigan teaching certificate are in the same physical location and in part through internet connected learning environments with some degree of pupil control over time, location, and pace of instruction.

- ii) "Online course" means a course of study that is capable of generating a credit or a grade, that is provided in an interactive internet-connected learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a teacher with a valid Michigan teaching certificate is responsible for determining appropriate instructional methods for each pupil, diagnosing learning needs, assessing pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.

Questions related to Best Practice Requirement D may be addressed to Barb Fardell at FardellB@michigan.gov or by phone at (517) 335-1291.

To meet Requirement E – The school board shall provide a link on the district's home page to the URL for the MiSchoolData Portal which contains the required dashboard indicators pursuant to Section 22f(1)(e). The URL to the MiSchoolData Portal is: www.mischooldata.org. **However, for many public school academies** certain data elements (minimum, average, maximum teacher, principal and superintendent salaries) may be unavailable in the current state data collections because those entities do not report to the Michigan Public School Employees Retirement System (MPERS). In cases where data is currently unavailable for an academy, in order to meet requirement E, the academy will provide those data on the academy website in a similar format as displayed on the MiSchoolData website for districts reporting to MPERS. To meet this requirement, districts will report the information on the district's Budget Transparency Page.

Following are the required data elements to meet the dashboard/report card requirement:

- 2015-16 Revenue and Expenditure Projections: These projections must be provided at the top of your Budget Transparency page under a separate heading (Fiscal Year 2015-16 Budget Projection). Just as your regular budget, these projections must be detailed at the function level and include beginning/ending fund balances.
- Debt Service Obligations: For those districts with debt service obligations, the required information may usually be found as a foot note in your annual audit. If this information is not in your audit, you must provide the information on your Budget Transparency page.
- MI School Data Link: A link to the MI School Data website must be made available in one of two locations. The link may be directly under the Budget Transparency icon found on your home page or it may be at the bottom of the Budget Transparency page. Again, as noted above, PSAs must provide data not found on the MI School Data website. Please provide the following data for the 3 most recent schools years:
 - Graduation and Dropout Rates
 - Average Class Size in Grades Kindergarten to 3
 - College Readiness as Measured by Michigan Merit Examination Test Scores
 - Teacher, Principal, and Superintendent Salary Information (min, avg, and max pay levels)
 - General Fund Balance

- Total Number of Days of Instruction

Questions related to Best Practice Requirement E may be addressed to Chad Urchike at UrchikeC1@michigan.gov or by phone at (517) 335-1261.

To meet Requirement F – The school board shall comply with a method of compensation for teachers and school administrators, that includes job performance and accomplishments as a significant factor in determining compensation, as required under section 1250 of the revised school code, MCL 380.1250. Districts should consult with their legal counsel to determine the district's compliance with this requirement.

To meet Requirement G – The school board shall ensure that any collective bargaining agreements, including, but not limited to, appendices, addenda, letters of agreement, or any other documents reflecting agreements with collective bargaining representatives, do not contain any provisions pertaining to, relating to, or that are otherwise contrary to the prohibited subjects of bargaining enumerated in section 15(3) of 1947 PA 336, MCL 423.215. Districts should consult with their legal counsel to determine the district's compliance with this requirement.

To meet Requirement H – The school board shall implement a comprehensive guidance and counseling program. An example of one may be found here: http://www.michigan.gov/documents/mde/Comprehensive_guidance_and_counseling_program_example_464246_7.pdf

To meet Requirement I – The school board shall offer pupils in grades K to 8 the opportunity to complete coursework or other learning experiences that are substantially equivalent to 1 credit in a language other than English.

Questions related to Best Practice Requirement I may be addressed to Linda Forward by phone at (517) 241-3147.

Submission Dates

While there is no specific date by which a district must submit its board resolution, state aid payments at \$50 per pupil may begin as early as the October 2014 payment. MDE must be in receipt of the district's board resolution **by June 1, 2015**. *Districts failing to meet this deadline will be ineligible to receive the Section 22f funds.*

Once MDE has received the school board resolution and confirmed that a district has met seven of the nine eligibility requirements, the \$50 per 2014-15 blended pupil membership will be paid out in accordance with MCL 388.1617b. A copy of the signed board resolution is to be sent to John A. Hayner in the State Aid and School Finance Office at Haynerj1@Michigan.gov. The MDE publication "Districts Submitting the Best Practice Resolutions for 2014-15" will be updated monthly.

MDE reserves the right to monitor districts for compliance with each of these requirements and may request additional information to verify eligibility.

Questions related to the MDE Best Practice Guidance may be addressed to Glenda Rader at raderg@michigan.gov.

Best Practices Incentive
School Board Resolution

WHEREAS, Section 22f of the State School Aid Act provides \$50 per pupil one-time grants to districts that satisfy at least 7 of 9 best practices criteria not later than June 1, 2015 [MCL 388.1622f].

WHEREAS, the board of education of _____ (NAME OF SCHOOL DISTRICT) _____ desires to receive the \$50 per pupil incentive payment.

WHEREAS, the _____ (NAME OF SCHOOL DISTRICT) _____ has satisfied at least 7 of 9 best practices criteria.

WHEREAS, eligibility for the incentive payment is contingent upon adopting a resolution that states the district has complied with the following 7 of 9 best practice criteria.

Now, therefore, be it resolved as follows:

1. The board of education of _____ (NAME OF SCHOOL DISTRICT) _____ certifies that the district has complied with the following requirements:

[LIST only the Best Practice requirements the district has met. STRIKE THROUGH OR REMOVE requirements the district has not met]

- a) The district is the designated policy holder for medical benefit plan(s) pursuant to Section 22f(1)(a).
- b) The district has obtained a competitive bid on non-instructional services pursuant to Section 22f(1)(b).
 - o (IDENTIFY WHICH NON-INSTRUCTIONAL SERVICES WERE COMPETITIVELY BID FOR 2014-15.)
- c) The district accepts applications for enrollment by non-resident applicants under Section 105 or 105c (MCL 388.1705) pursuant to Section 22f(1)(c). A Public School Academy is considered to have met this requirement.
- d) The district offers online courses or blended learning opportunities to all eligible pupils, and publish course syllabi pursuant to Section 22f(1)(d).
- e) The district provides a link on the district's home page to the URL for the MiSchoolData Portal which will contain the required dashboard indicators pursuant to Section 22f(1)(e). If certain data elements for our district are unavailable from state data collections, we agree to provide those data in the form and manner determined by MDE.
- f) The district includes Teacher and Administrator job performance as a significant factor in compensation determination.
- g) The district's collective bargaining agreements do not include provisions contrary to prohibited subjects as outlined in section 15(3) of 1947 PA 336, MCL 423.215.
- h) The district implements a comprehensive guidance and counseling program.
- i) The district offers opportunities to complete 1 credit worth of non-English language learning experiences.

2. The board of education of _____ (NAME OF SCHOOL DISTRICT) _____ authorizes and directs its secretary to file this resolution with the State Aid and School Finance Office of the Michigan Department of Education.

3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

Resolved this _____ day of _____, 20__.

Roll Call Vote: Passed: _____ Failed: _____

Board Representative Name

Board Representative Signature

Please email a copy of the signed resolution to John A. Hayner at haynerj1@michigan.gov